Saskatchewan
Consumer and
Commercial
Affairs

Draft Response to The Report of the Saskatchewan Commercial Bingo Inquiry

Saskatchewan Consumer and Commercial Affairs

DRAFT RESPONSE TO THE REPORT OF THE SASKATCHEWAN COMMERCIAL BINGO INQUIRY

Saskatchewan Consumer and Commercial Affairs

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INTRODUCTION

The Report of the Saskatchewan Commercial Bingo Inquiry recommends extensive changes to gaming in the province. If adopted, the 36 recommendations would create a more controlled system and likely reduce gaming.

Prepared by Saskatchewan Consumer and Commercial Affairs, this draft response to the Bingo Inquiry Report is not meant to paint a picture of the future of gaming in Saskatchewan. It is a sketch, by the Department now responsible for regulating certain gaming activities in the province, that is designed to help the public identify the major issues and focus its consideration of the Report. Only after full public participation and discussion will the government set a course of action.

Interested groups or individuals are invited to submit their responses by July 31, 1986 to the following address:

Bingo Report Responses
Saskatchewan Consumer and Commercial Affairs
1871 Smith Street
REGINA, Saskatchewan
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SUMMARY OF INQUIRY REPORT

The Report of the Saskatchewan Commercial Bingo Inquiry consists of four main groups of recommendations:

One to 5 deal with reducing the value of prizes.

Six to 10 and 18 outline strict rules to define who may sponsor bingos and how the proceeds may be used.

Eleven to 17 and 19 are concerned with establishing a separate regulatory body for gaming. The gaming authority would be responsible for receiving public comments and recommending gaming policy to government.

Twenty to 30 are designed to help sponsors regain control of bingo operations. This would be done by requiring that licensees form bingo associations in halls used primarily for bingos.

BREAKDOWN OF RECOMMENDATIONS

Inquiry Recommendation 1

Prize limits should be established at $3,000 per session (that is per day or half day). This amount includes door prizes, promotional prizes and all other non-cash prizes.

Department Discussion of Issues

Limiting prizes would help increase the viability of smaller halls. Evidence suggests that players are attracted to large prize boards, which are most often found in the larger bingo halls. If recommendation 1 were adopted as policy, the following would occur:

1. Halls would no longer be able to compete by attracting players only through the size of prizes.

2. Both the amount of money collected from players and the amount paid out in prizes would fall because smaller prizes attract fewer players.

3. Growing jackpots would be eliminated.

4. All of these changes would impair the viability of larger halls.

Many persons appearing before the Inquiry favoured a limit on prize boards as did 199 out of 345, or 57.6% of those who responded to the Bingo Questionnaire which was distributed and collected prior to the hearings. Limiting prize boards is policy in British Columbia, Manitoba, Ontario and Nova Scotia. Limiting prizes is not, however, an answer in itself to the bingo problem.

Department Response

There is no specific justification in the Report for setting the limit at $3,000. This amount was merely the one most often mentioned at the hearings. No studies have been done on the effects of a $3,000 prize limit on halls.

While the Department agrees that prizes should be limited, it believes the limit could be significantly higher than $3,000. For example, a limit of $10,000 on prizes could include accumulating jackpots and door, promotional and all other non-cash prizes. Bingos with large prizes operated without problems even before commercial halls opened.

Accumulating jackpots administered by hall owners and across charities (in which more than one charity participates) will be banned. See recommendation 3 below. Finally, no more than three licences should be issued for one hall in a 24 hour period.

Inquiry Recommendation 2

The maximum prize for an individual game within a session should not exceed $1,000.

Department Discussion of Issues

The issues discussed above with respect to recommendation 1 also apply to recommendation 2.

Department Response

Because large prizes do attract more players and thus increase money collected by charities and large prize bingos operated well even before commercial halls opened, the Department suggests that recommendation 2 should not be accepted. Any daily maximum limit in force (see recommendation 1 above) would, of course, apply to individual games.

Inquiry Recommendation 3

Accumulating prizes should be eliminated.

Department Discussion of Issues

Accumulating jackpots involve more than one charity and are generally administered by the hall owner. Eliminating these jackpots is another way to control the domination of the larger halls. Such a move would favour the smaller halls, but it could alienate players who are attracted by large prizes.

Accumulating jackpots also require trust accounts and full and proper accounting procedures by sponsors to ensure that funds are properly allocated among participating charities. Across Canada, the trend is away from accumulating jackpots. In the Inquiry's questionnaire, 50.7% of respondents favoured limiting such jackpots.

Department Response

The Department agrees with limiting prizes but feels that accumulating jackpots should be allowed within the suggested $10,000 maximum per licence provided the charities and not the hall owner control the jackpot. The charities would be required to follow full and proper accounting procedures.

Inquiry Recommendation 4

Bingos with prize payouts of over $3,000 should be restricted; if one is requested, it should be authorized by Order in Council only if it is of clear benefit to the community.

Department Discussion of Issues

Allowing for approval of bingos with prizes of over $3,000 (or whatever maximum is adopted) is necessary because there may be good reasons to make an exception for a community's benefit.

Department Response

The licensing authority should be empowered to approve special licences for prizes of up to $100,000. As it does with other lotteries, Cabinet could continue to approve licences for prizes of over $100,000.

Inquiry Recommendation 5

The discounting of bingo paper should be disallowed.

Department Discussion of Issues

Selling bingo cards is essentially the same as charging an admission fee. Because of the competitive nature of bingo, discounting paper has become normal practice.

Reducing the price for bingo paper, however, reduces a charity's gross revenue. The hall owner who supplies the charity with paper often does not provide the charity with a corresponding reduction in its cost for the paper that was discounted.

Department Response

This recommendation must not be adopted because the problem is adequately addressed by other recommendations that would allow charities to assume more control of bingo operations. For example, see recommendations 20 to 30.

Inquiry Recommendation 15

The gaming authority should monitor the purchase of bingo paper from approved suppliers.

Department Discussion of Issues

The ability to trace the flow of money is a key to controlling bingo. There are few financial controls on bingo operations because most transactions are done with cash. Monitoring the purchase of paper is one way to ensure that accurate records are kept.

If the purchase of paper is not monitored the odds of winning can be manipulated and the licensees may not report all their income. Controls are thus required to guard against manipulation. This recommendation is meant to create an audit trail by controlling the printing and distribution of paper.

In Manitoba, the Lottery Foundation distributes all bingo paper and both British Columbia and Nova Scotia are considering similar policies.

Department Response

The Department recommends that the licensing authority determine how paper is printed and distributed.

Inquiry Recommendation 6(a)

A bingo licensee must be registered under The Non-profit Corporations Act as a charitable organization.

Department Discussion of Issues

Recommendations 6 and 7 deal with who should be allowed to sponsor gaming activities. Recommendation 6(a) has its merits and is the policy in British Columbia and

Manitoba. Adopting this recommendation would help control abuses by making public the accounts of the sponsoring groups.

Department Response

The Department agrees that bingo sponsors should be incorporated. However, the licensing authority should have the discretion to issue a licence to a group which is not incorporated and wishes to have a limited number of events.

Inquiry Recommendation 6(b)

A bingo licensee must have been in existence as an organization for one year before applying for a licence to hold a bingo.

Department Discussion of Issues

It can be argued that an organization needs a period of time to develop the expertise required to operate a bingo.

Department Response

This recommendation need not be adopted because the Department will be developing self-help kits to help groups acquaint themselves with legal provisions and acquire the necessary management and administrative skills.

Inquiry Recommendation 6(c)

A bingo licensee must have a charitable object or purpose as listed below:

- **a) relief of poverty;**
- **b) programs for the disadvantaged;**
- **c) education that is beneficial to children, the disadvantaged or the community at large;**
- **d) public facilities for sports, recreation and culture;**
- **e) the advancement of religion;**
- **f) a purpose beneficial to the community and available to a significant portion of the community (rather than the limited self-use of members); and**
- **g) notwithstanding (f), some limited benefits for minor sports (associations as opposed to individual teams).**

Inquiry Recommendation 7

The following should specifically be excluded from gaining bingo licences:

- **a) political parties**
- **b) unions**
- **c) adult sport and recreation organizations.**

Department Discussion of Issues

The province is allowed to license only charitable organizations to conduct games of chance and the proceeds must be used for charitable purposes.

Recommendations 6(c) and 7 relate to what is likely the most serious and difficult problem to resolve, that is, who can raise funds from gaming, and what can the funds be used for.

Recommendations 6(c) and 7 would restrict many groups that have been permitted to sponsor bingo events in the past. These groups comprise approximately 30 to 40% of all licences.

Traditionally these groups have been permitted to sponsor bingos and we believe it unfair to deny them access to licensing arbitrarily.

Department Response

Funds raised from gaming must be used for charitable objects or purposes, which the Department would define as follows:

a) Relief of poverty;
b) Education that is beneficial to the community;
c) Programs for the disadvantaged;
d) The advancement of religion;
e) The advancement of health;
f) The development or support of public facilities and/or sporting or cultural activities.

Inquiry Recommendation 8

Proceeds from bingos should be used within the province of Saskatchewan unless specifically authorized (i.e., the licensing authority may grant permission to allocate funds to recognized charities outside the province).

Department Discussion of Issues

This is the approach taken by British Columbia. Acceptance of the recommendation would allow for better control over the distribution of charitable funds.

Department Response

If adopted, this recommendation would create barriers to the flow of dollars between provinces and within national charities. It should therefore not be accepted.

Inquiry Recommendation 9

All organizations should submit to the licensing authority with their application for a bingo licence a detailed proposal and budget for the expenditure of bingo funds.

Department Discussion of Issues

This requirement would increase the accountability of charities and the responsibilities of the licensing authority.

Department Response

Adopting this point is essential if the use of funds is to be controlled and if groups are to be made accountable.

Inquiry Recommendation 10

Funds raised from bingos should not be returned to the licensee's general revenue but must be earmarked for specific projects.

Department Discussion of Issues

This provision would make licensees more accountable for the funds they raise through bingos.

Department Response

This recommendation could be administratively cumbersome for both the charities and licensing authority. While the proposal and budget required by Inquiry recommendation 9 should be submitted, the group need not earmark funds for specific projects.

This recommendation has been addressed by the definition of a charitable object and the response to recommendations 6(c) and 7.

Inquiry Recommendations 11 to 17 and 19

A gaming authority should be established, responsible to a minister of the Government of Saskatchewan, to take over all responsibility for gaming from the Licensing and Investigation Branch of the Department of Consumer and Commercial Affairs.

(The authority would be funded by the 2% fee on prizes which currently goes to consolidated revenue.)

Department Discussion of Issues

The real recommendation here is that government control over gaming must be improved. The Department of Consumer and Commercial Affairs has many responsibilities, of which gaming is only a small part. The report concludes that the Department does not have the resources to properly control gaming.

A gaming authority would have wide ranging responsibilities for the administration of bingo, break-opens, casinos and raffles. It would develop, recommend and implement government gaming policy.

Department Response

The Department supports the creation of a gaming authority with specific powers given to it by government. A policy body advising government and making day-to-day licensing and enforcement decisions could be served by an enforcement branch within the Department. The Department considers it to be more practical, preferable and acceptable to have the gaming authority perform all functions, that is, recommend policies to the government and enforce those policies that are approved by government.

Inquiry Recommendation 18

The limit of 20% for expenses should be deleted from the licensing provisions.

Department Discussion of Issues

The Inquiry concluded that decisions about distributing revenue should be left to the future gaming authority. Many Inquiry participants claimed that the existing expense guideline is not being followed.

Department Response

Departmental figures show that its policy of persuasion is working to bring down expenses. It feels the 20% expense limit should be maintained until a better way of distributing revenues can be found.

Inquiry Recommendations 20 through 30

These recommendations relate to establishing mandatory bingo associations. The authors of the report saw the associations as a way for sponsors to regain control of bingo operations from the hall owners.

Department Discussion of Issues

The Inquiry members believe that sponsors do not control bingo events. The establishment of hall associations could provide increased control by charities over the games in commercial halls. Running a bingo session is a complicated and time consuming task. Establishing bingo associations would address the sponsors' need for expertise. Organizational problems such as disputes between charities could develop.

Department Response

Control could be re-established by introducing the new bingo provisions recommended by the Department which would give the sponsor more responsibility. Voluntary associations could be created to assist with the administration of bingo games. As discussed above with respect to recommendation 6(b), the Department is developing self-help kits to help sponsors develop the knowledge base and skills required.

Inquiry Recommendation 31

All bingos, irrespective of frequency and prize limits, should be licensed and regulated by a provincial licensing authority.

Department Discussion of Issues

Recommendation 31 would eliminate a local authority's right to license bingos with prizes of less than $1,000.

Department Response

The recommendation can be accepted provided the provincial licensing authority can delegate the licensing of games with prizes under $1,000 to willing municipalities. The municipality would have to report all licences issued.

Inquiry Recommendations 32 - 34

No bingo licences should be issued for Sunday with the exception of halls where bingos are held infrequently (no more than two bingos per week).

Hours of bingo should be limited to 12 noon to 12 midnight (bingo sessions must begin and end during this period).

The licensing authority shall honour the wishes of local governments which pass bylaws to further limit the hours or days of operations.

Department Discussion of Issues

Recommendations 32, 33 and 34 attempt to deal with the business hours problem that has become a major issue in Regina and Saskatoon. Under The Saskatchewan Urban Municipalities Act, municipalities have the authority to deal with these issues.

Department Response

This issue should be left to local governments or amendments to The Urban Municipalities Act which are being considered by the government.

Inquiry Recommendation 35

The sale of breakopen (Nevada) tickets should be banned in all bingo halls.

Department Discussion of Issues

Most of those who appeared before the Inquiry or returned the questionnaires wanted break-open tickets to remain in the bingo halls (325 out of 345, or 94.2% of questionnaire respondents).

In many cases the money raised for the sponsor comes not from bingos but from the sale of break-open tickets. Banning the sale of these tickets would have a serious impact on the amount of money raised by the sponsoring groups. The Inquiry dealt primarily with insufficient returns from the actual bingo to charities and the extent of gambling in the province.

Department Response

Because sales of these tickets produce substantial revenues for sponsors, this recommendation should not be accepted. The concerns over the distribution of money will be dealt with by tougher controls on bingos and break-open sales. The new rules governing eligibility will also apply to break-open and raffle tickets.

Summary of Department Responses and Recommendations

1. A maximum limit of $10,000 should be imposed on gross daily prizes per session. This would include accumulating jackpots and door, promotional and other non-cash prizes. No more than three daily sessions should be licensed in any one location in any 24-hour period.

2. No maximum limit (aside from the $10,000 daily limit) should be placed on individual game prizes.

3. Accumulating jackpots should be allowed (within the $10,000 daily maximum) provided that charities and not hall owners are responsible for the jackpot.

4. Exceptions to the $3,000 daily maximum should be allowed by the licensing authority (up to $100,000) or Cabinet (if over $100,000).

5. Sponsors should be required to advertise games themselves.

6. The licensing authority should oversee how bingo paper is distributed.

7. Encourage charities to form voluntary city-wide bingo associations which would provide groups with required expertise. The Department would provide self-help kits for groups to help in this regard.

8. Admission price wars in the form of discounting of bingo paper need not be disallowed if recommendations respecting increased control of bingo operations by sponsors are adopted.

9. With respect to who can hold licences:

   a) Licensees should, as recommended by the Inquiry, be registered under The Non-profit Corporations Act as charitable organizations, but the licensing authority should have the discretion to issue a licence to an unincorporated group.

   b) Licensees should not have to have been in existence for one year.

c) Licensees should have charitable objects and purposes as they are defined by the Department above.

10. Limits on the interprovincial flow of bingo proceeds should not be adopted.

11. Organizations should be required to submit proposals and budget but this should not have to involve earmarking funds for specific projects.

12. A gaming authority should be established and given authority to recommend and also enforce public policy.

13. The 20% expense limit should be maintained until a better way of distributing revenues can be found.

14. The local authority's current right to license bingos with prizes of less than $1,000 should be terminated so that all bingos would be licensed by a single provincial authority but that authority should be able to delegate licensing of small games ($1,000 or less) to willing municipalities.

15. The regulation of the hours of operation for bingo halls should be left to local governments or amendments to The Urban Municipalities Act which are being considered by the government.

16. Sales of break-open (Nevada) tickets should be allowed in bingo halls.

17. A moratorium on licensing in new commercial halls should be removed 60 days after new regulations are in place.